



Opportunities & Challenges for Appliance Standards and Labels in Latin America

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NIST



“Energy efficiency measures implemented in a strategic manner offer the opportunity to advance societal objectives by transforming the productivity and resilience of country energy systems”.

Copenhagen Centre on Energy Efficiency (2015). Accelerating Energy Efficiency: Initiatives and Opportunities - Latin America and Caribbean. Copenhagen Denmark



Potential annual savings for **Latin America and the Caribbean** from a transition to more efficient cooling appliances



Reduce electricity use

→ by over **137 TWh**

→ More than **11%** of current electricity use

...equivalent to
238 100MW
power plants



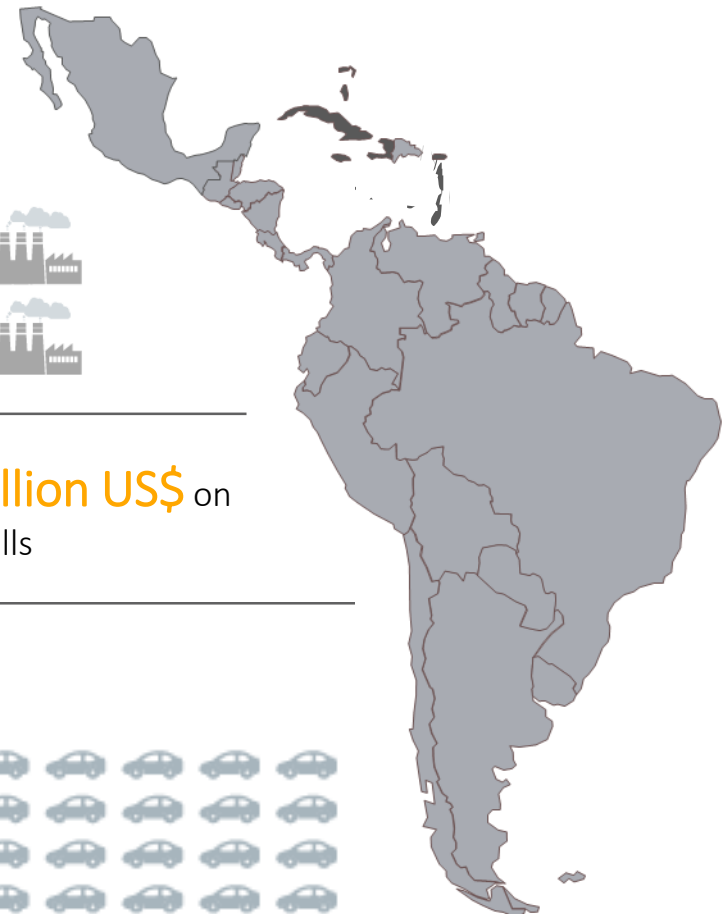
Save **20 billion US\$** on
electricity bills



Reduce CO2 emissions by

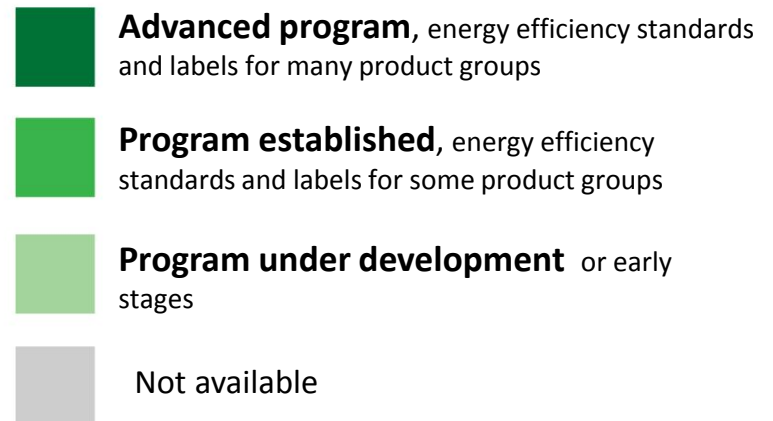
44 million tonnes

...equivalent to
24 million
passenger cars



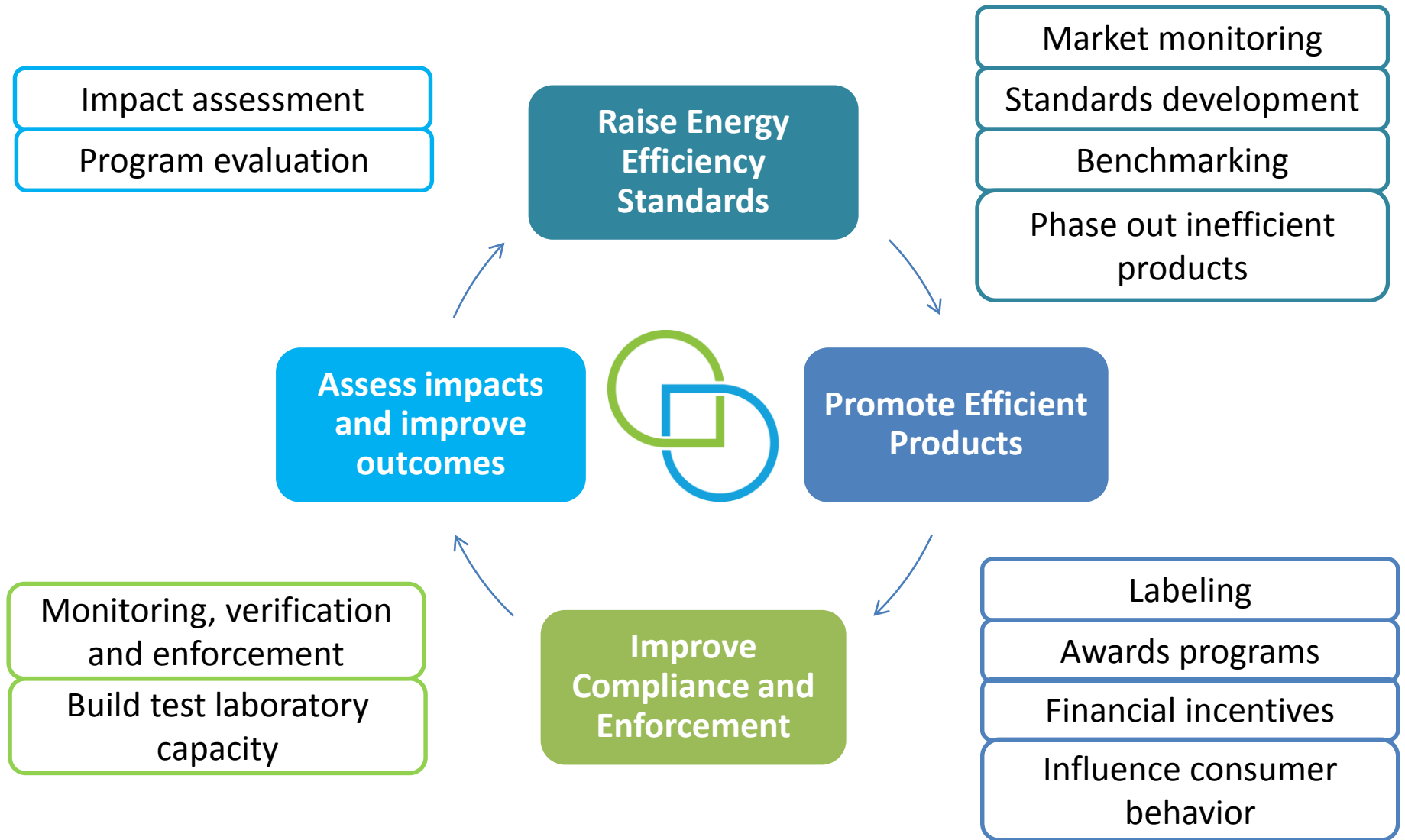
Standards and Labeling programs in Latin America

CLASSIFICATION



Large potential to increase scope and coverage of S&L regionally

The virtuous cycle of appliance energy efficiency programs



Raise Energy Efficiency Standards

- EE not been prioritized in the region until recently
- Lack of available data on the status of markets in individual countries hinders the implementation process → need to justify but no data to estimate potential impacts
- Lack of adequate legal framework and institutional structures → institutional frameworks may define a responsible authority but greater coordination and cooperation among agencies is required to cover the various necessary roles for the implementation of S&L
- Lack of energy efficiency standards harmonization at the region or sub-regional levels

Promote Efficient Products

- Higher retail prices of energy efficient products when compared to inefficient products → may result in less stringent standards
- Gaps in information → label is not existent or if present, it may not convey the full picture (lifetime savings)
- Low or subsidized energy tariffs → making energy efficiency programs not cost-effective



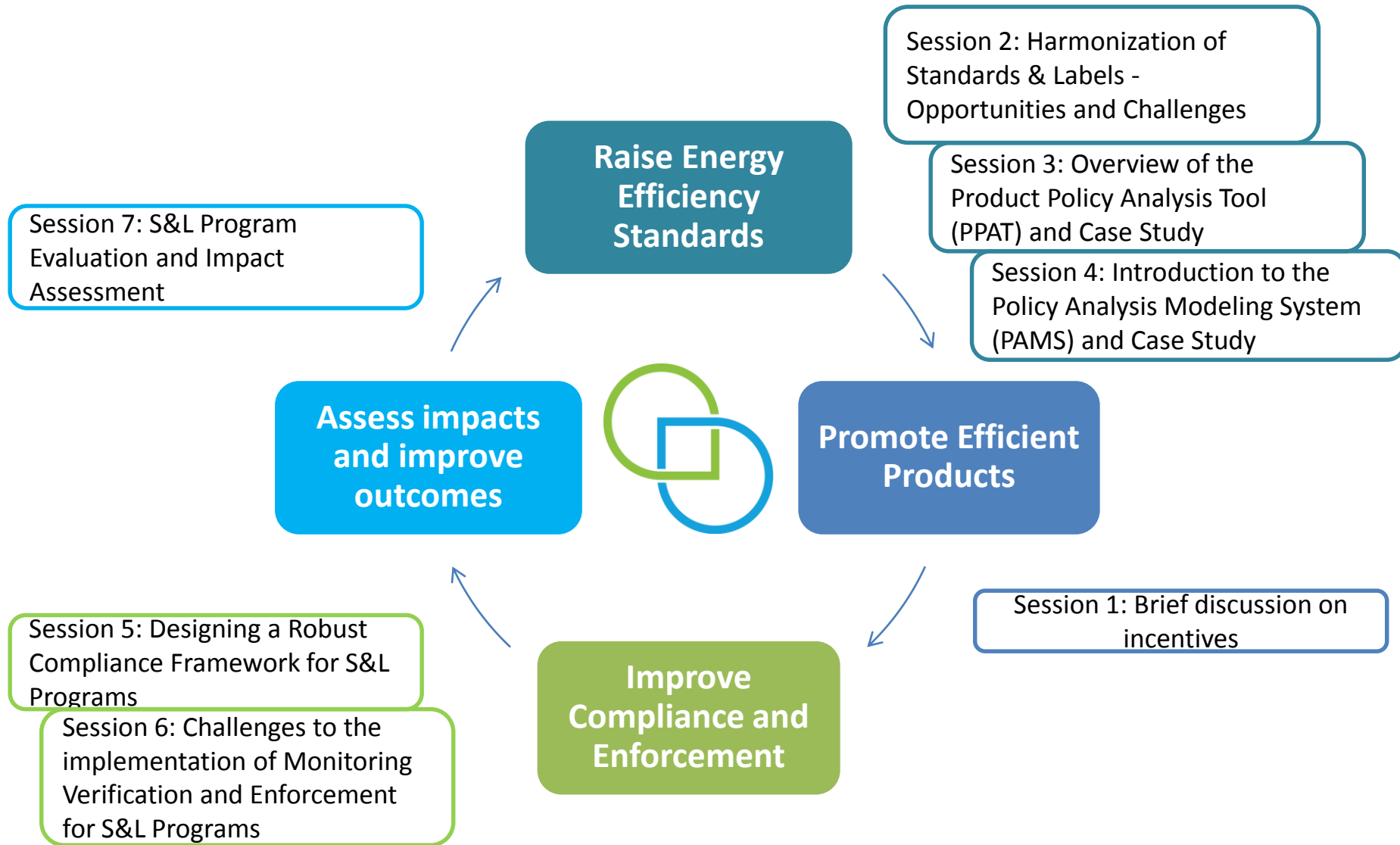
**Improve
Compliance and
Enforcement**

- Lack of understating of the roles and coordination among various agencies involved
- Small markets → higher cost of compliance activities:
 - Entry conditions (third-party testing)
 - Market surveillance
 - Verification testing
- Lack of testing infrastructure at the national and regional level

Assess impacts
and improve
outcomes

- Lack of data to conduct a program evaluation
→ evaluations are not planned from the early stages of program design
- Evaluations may not be conducted periodically or at a frequency to identify when standards are over due
- Lack of awareness of the usefulness of a comprehensive program evaluation
 - Quantify program impacts
 - Justify coverage or stringency improvements
 - Ensure program continuity

This workshop's structure



Incentive Strategies for Market Transformation

What is An Incentive?

“An incentive is defined as an offering from the efficiency program administrator intended to encourage or motivate consumers to reduce the total amount of energy consumed, without compromising the quality or level of service” (EPA, 2010).

Source: National Action Plan for Energy Efficiency (2010). Customer Incentives for Energy Efficiency Through Program Offerings.
www.epa.gov/eeactionplan



Incentive Strategies for Market Transformation

Product Supply Chain



Incentive Strategies for Market Transformation

Types of Incentives

Financial Incentives

- Rebates or Tax Credits
- Discounts
- Financing (Loans) and Subsidies

Non – financial Incentives

- Technical assistance
- Education and Training
- Informational services

Bundled Incentives

- A combination of financial and non-financial incentives

Incentive Strategies for Market Transformation

Level of Market Intervention

Direct incentives/downstream incentives

Incentives offered to individual consumers on the purchase of energy efficient appliances.



Incentives to end consumer who purchase energy efficient appliances. For example tax rebate or tax reductions



Informational services to end consumers for helping purchase of energy efficient appliances.

For example a mobile application or information on utility bills etc.

Incentive Strategies for Market Transformation

Direct incentives/downstream incentives

Advantages	Disadvantages
Simplicity, easily understood by consumers	Potentially high cost to program sponsors
Direct economic benefits to participating consumers	The potential for failing to address key market barriers
Useful for incentivizing replacement of old and inefficient appliances with new and energy efficient ones.	Do not lead to long-term changes in consumer purchasing decision and attitude/perceptions about energy efficiency.

Incentive Strategies for Market Transformation

Direct incentives/downstream incentives

- Tax Credit and Tax Exemption Programs
- Low-Interest Loans
- Consumer Reward Programs
- Trade-in and Replacement Programs
- Consumer Rebate Programs



Incentive Strategies for Market Transformation

Level of Market Intervention

Upstream/Midstream incentives



Incentive to manufacturers for producing energy efficient appliances.

Incentives to importers/ retailers for selling more energy efficient appliances.



Technical services to manufacturers for producing more energy efficient appliances.

Informational displays and other informational material to importers and retailers for providing information to consumers on energy efficiency.

Incentive Strategies for Market Transformation

Upstream/Midstream incentives

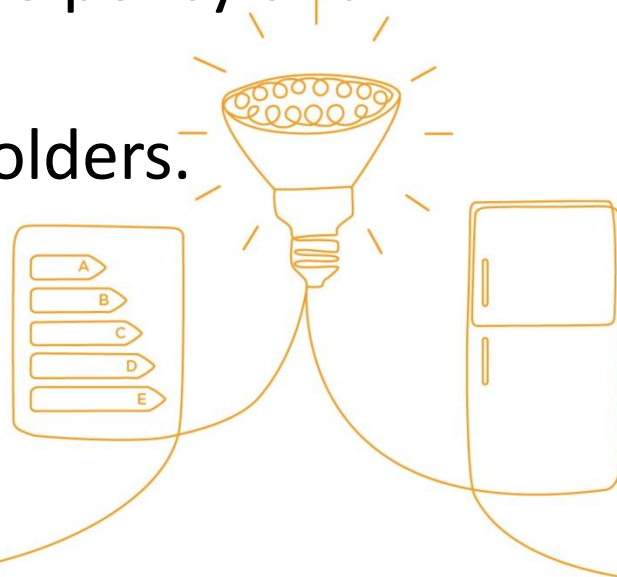
Advantages	Disadvantages
Can transform markets for longer-term changes in product design and specifications.	Do not educate or engage consumers enough to change their purchasing behavior or perceptions about energy efficient products.
Useful for incentivizing technology transfer or manufacturing development.	<p>Politically sensitive as in some cases allocation of tax payer's money to private manufacturers is not accepted well.</p> <p>For Example – India's Super Efficient Equipment Program (SEEP) for Fans.</p>



Our Mission

CLASP improves the environmental and energy performance of the appliances and related systems we use every day, lessening their impacts on people and the world around us.

We develop and share transformative policy and market solutions in collaboration with global experts and local stakeholders.



Country/Regional
Technical Assistance

Global S&L
Coordination

Global Research &
Best Practices

Emerging
Technology

Clean Energy
Access





Mexico

Technical Assistance to CONUEE – analyzed impacts on Mexican consumers and the national economy from minimum energy performance standards (MEPS).

Belize

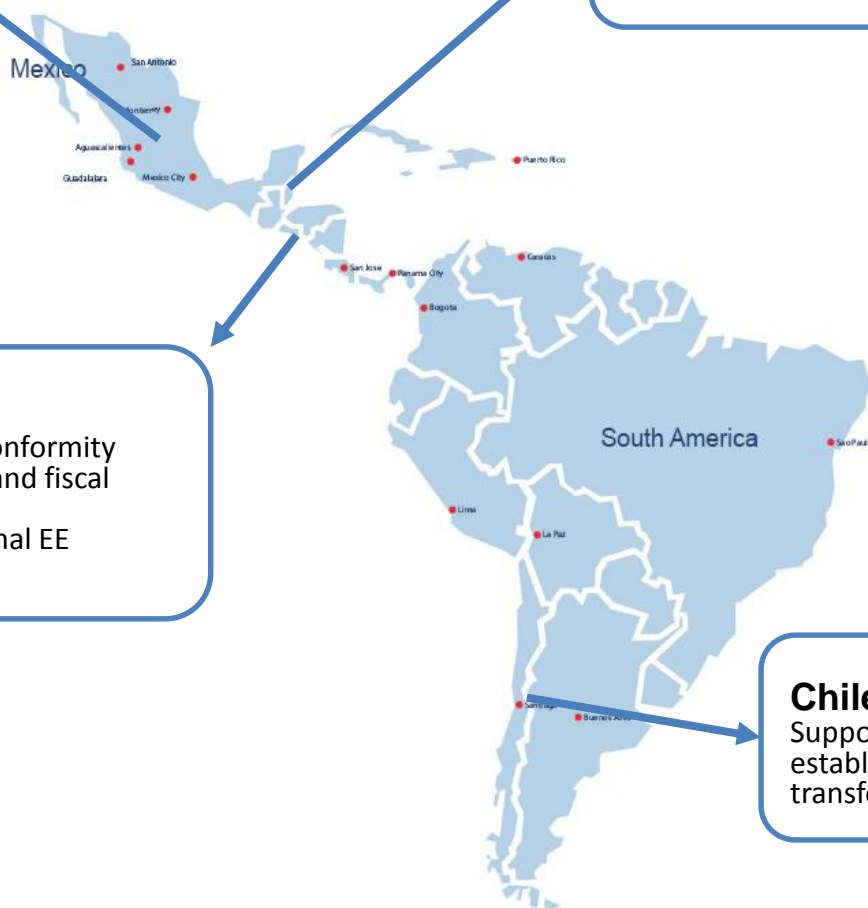
Assistance to MESTPU in the development of MEPS for various products.

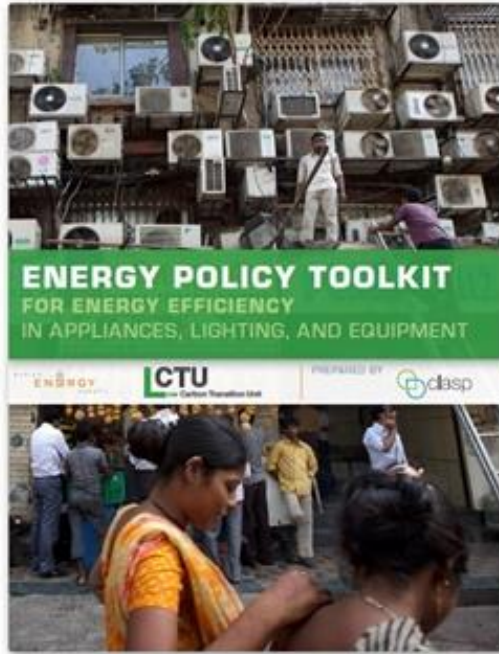
Centro America

Support in the development of conformity assessment procedures (MV&E) and fiscal incentives in El Salvador.
Justification documents for regional EE standards for SICA.

Chile

Support Ministry of Energy in the establishment of MEPS for distribution transformers.

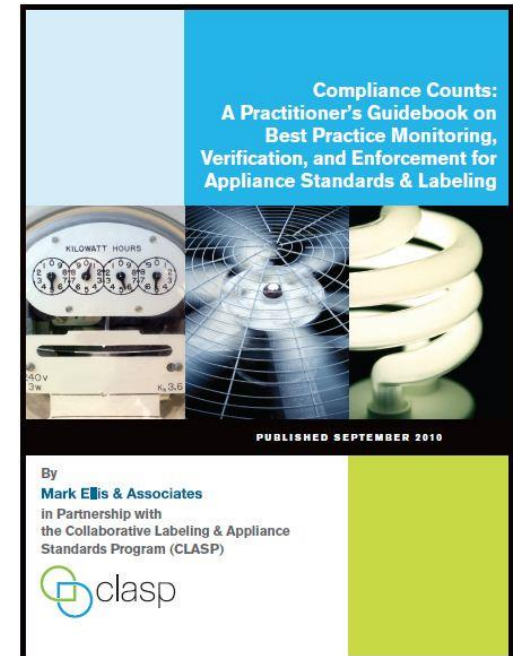




S&L Policy Toolkit

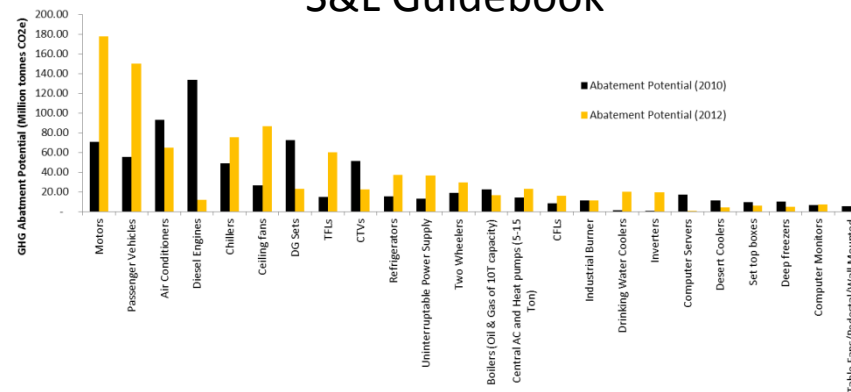


S&L Guidebook



MV&E Guidebook

Product and Policy
Analysis Tool (PPAT)





Thank you!

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